

**OFFICIAL  
DOCUMENTS**

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LOAN NUMBER 8457-CN

**Project Agreement**

(Zhengzhou Urban Rail Project)

between

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

and

**HENAN PROVINCE**

Dated *February 13*, 2015

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LOAN NUMBER 8457-CN

**PROJECT AGREEMENT**

AGREEMENT dated February 13, 2015, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and HENAN PROVINCE ("Henan" or "Project Implementing Entity") ("Project Agreement") in connection with the Loan Agreement ("Loan Agreement") of the same date between PEOPLE'S REPUBLIC OF CHINA ("Borrower") and the Bank. The Bank and Henan hereby agree as follows:

**ARTICLE I – GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to the Loan Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in the Project Agreement have the meanings ascribed to them in the Loan Agreement or the General Conditions.

**ARTICLE II – PROJECT**

- 2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity, through ZM, shall carry out the Project, and cause URC to carry out the Project, in accordance with the provisions of Article V of the General Conditions and to provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the Project.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Bank and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

**ARTICLE III – REPRESENTATIVE; ADDRESSES**

- 3.01. The Project Implementing Entity's Representative is its Governor or its Vice Governor, or such other person or persons as may be designated in writing by either the Governor or Vice Governor.
- 3.02. The Bank's Address is:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable: INTBAFRAD  
Washington, D.C.

Telex: 248423(MCI) or  
64145(MCI)

Facsimile: 1-202-477-6391

3.03. The Project Implementing Entity's Address is:


Henan Provincial Government  
No. 22 Jinshui Dong Street  
Zhengzhou, Henan Province, 450018  
People's Republic of China

Facsimile: (86) 371-65908241

AGREED at Beijing, People's Republic of China, as of the day and year first above written.

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Name

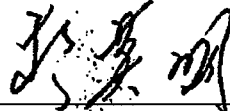
Bert Hofman

Title

Country Director, China

HENAN PROVINCE

By



Authorized Representative

Name

Yang Yingming

Title

Deputy Director General  
International Economic and  
Financial Cooperation Department  
Ministry of Finance

## SCHEDULE

### Execution of the Project

#### Section I. Implementation Arrangements

##### A. On-lending Arrangements and Project Management

1. The Project Implementing Entity shall make available to ZM, and through ZM to URC, the proceeds of the Loan under a Subsidiary Agreement satisfactory to the Bank, which shall include, without limitation, the principal terms and conditions set forth in Annex A to this Schedule.
2. The Project Implementing Entity, through ZM, shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Borrower and the Bank, and to accomplish the purposes of the Loan, and except as the Bank shall otherwise agree, not assign, amend, abrogate or waive the Subsidiary Agreement or any provision thereof.
3. In order to ensure the proper carrying out of the Project, the Project Implementing Entity shall maintain throughout the period of implementation of the Project an organizational structure satisfactory to the Bank which shall include, *inter alia*, the following entities with composition, powers, functions, funds, staffing, facilities and other resources satisfactory to the Bank:
  - (a) the Project Leading Group, including relevant ZM representatives, to be responsible for overseeing the overall implementation of the Project, making decision on key Project issues and carrying out interagency coordination at the municipal level; and
  - (b) the Project Management Office, responsible, *inter alia*, for Project coordination and supervision, as well as reporting on progress and implementation issues to the Project Leading Group referred to in paragraph (a) above.

##### B. Anti-Corruption

The Project Implementing Entity shall carry out the Project in accordance with the provisions of the Anti-Corruption Guidelines.

##### C. Safeguards

1. In carrying out the Project, the Project Implementing Entity, through ZM shall, and shall cause URC, as applicable, to:
  - (a) take all necessary actions to minimize to the extent possible any involuntary loss by persons of shelter, productive assets or access to

productive assets or income or means of livelihood, temporarily or permanently, and the displacement of said people in the carrying out of the Project or any part thereof;

- (b) where the acquisition of land or assets or the displacement of people is unavoidable, before initiating the implementation of any works which would result in such acquisition or displacement, make available to such people compensation and, as applicable, relocate and rehabilitate the Displaced Persons in accordance with the RAP and in a manner satisfactory to the Bank; and
  - (c) whenever required in terms of the RPF, proceed to have an additional RAP or RAPs: (i) prepared in form and substance satisfactory to the Bank; (ii) except as otherwise agreed with the Bank, submitted to the Bank for review and approval; (iii) thereafter, adopted and publicly disclosed; and (iv) thereafter, to implement, or cause to be implemented, such additional RAP or RAPs in accordance with their terms and in a manner acceptable to the Bank.
2. The Project Implementing Entity, through ZM shall, and shall cause URC to, as applicable, implement the Safeguards Instruments in a manner and substance satisfactory to the Bank. Without limitation on the foregoing, the Project Implementing Entity shall ensure, through ZM and URC, that each contract for works under the Project includes the obligations of the work contractors and any sub-contractor to comply with the relevant provisions of the ESMP.
  3. The Project Implementing Entity shall not, amend, suspend, or waive the Safeguards Instruments, or any provision thereof, without the prior written concurrence of the Bank.
  4. The Project Implementing Entity shall maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Bank, the implementation of the Safeguards Instruments.
  5. Without limitation to the provisions of paragraphs 1 through 4 of this Part C or the provisions of Section II.A.1 below, the Project Implementing Entity, through ZM, shall take all measures necessary on its part to regularly collect, compile, and submit to the Bank, as part of the Project Reports, information on the status of compliance with the Safeguards Instruments, giving details of:
    - (a) measures taken in furtherance thereof;
    - (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation thereof; and

- (c) remedial measures taken or required to be taken to address such conditions.
- 6. In the event of any inconsistency between the provisions of the Safeguards Instruments and the provisions of this Agreement or the Loan Agreement, the provisions of this Agreement and the Loan Agreement shall prevail.

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports**

- 1. The Project Implementing Entity, through ZM, shall monitor and evaluate the progress of the Project and prepare Project Reports for the Project in accordance with the provisions of Section 5.08 (b) of the General Conditions and on the basis of the indicators set forth in the Results Framework. Each such Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Bank by February 15 and August 15 each year, beginning on August 15, 2015.
- 2. The Project Implementing Entity shall, no later than three months after the Closing Date, provide to the Borrower, for incorporation in the report referred to in Section 5.08 (c) of the General Conditions all such information as the Borrower or the Bank shall reasonably request for the purposes of that Section.

**B. Financial Management, Financial Reports and Audits**

- 1. The Project Implementing Entity, through ZM shall, and shall cause URC to, maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Project.
- 2. Without limitation to the provisions of Section II.A hereof, the Project Implementing Entity, through ZM, shall prepare and furnish to the Bank, not later than forty-five (45) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.
- 3. The Project Implementing Entity, through ZM, shall have, and shall cause URC to have, its financial statements referred to above audited by independent auditors, in accordance with consistently applied auditing standards acceptable to the Bank. Each audit of these financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be: (a) furnished to the Borrower and the Bank not later than six months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Bank.

**Section III. Procurement**

All goods, works and services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Section III of Schedule 2 to the Loan Agreement.

**Section IV. Other Undertakings**

1. The Project Implementing Entity, through ZM, shall implement the Integration Plan as approved, or as adjusted when required, in consultation with the Bank.

**ANNEX A**  
**to**  
**SCHEDULE**

**Principal Terms and Conditions of the  
Subsidiary Agreement**

For the purposes of Section I, Part A, paragraph 1 of the Schedule to this Agreement, the terms of availability of the Loan proceeds under the Subsidiary Agreement and its conditions shall be those set forth below:

**Terms of Availability of the Loan**

1. The principal amount of the subsidiary loan made available by the Project Implementing Entity, through ZM, to URC shall be the amount equivalent in Dollars (on the respective dates of withdrawal from the Loan Account) of the value of the currency or currencies so withdrawn on account of URC of the Project.
2. URC shall repay such principal amount (including an amount equal to the fee and any charges paid pursuant to Sections 2.03 and 2.04 of the Loan Agreement, and any Premium for Interest Rate Caps or Interest Rate Collars paid pursuant to Section 2.08(c) of the Loan Agreement and Section 4.05(c) of the General Conditions) over a period of not more than twenty-nine (29) years, inclusive of a grace period of seven (7) years.
3. URC shall pay interest on the principal amount thereof withdrawn and outstanding from time to time at a rate not less than the rate of interest applicable from time to time to the Loan pursuant to Section 2.05 of the Loan Agreement.

**Conditions**

The Subsidiary Agreement shall include the following principal conditions:

4. URC shall undertake to: (a) carry out the Project with due diligence and efficiency and in accordance with appropriate management, financial, engineering, and social and environmental standards acceptable to the Bank (including in accordance with the provisions of the Anti-Corruption Guidelines) and to provide, promptly as needed, the funds, facilities and other resources required for such purpose; and (b) without limitation on the foregoing, take all measures necessary to ensure that the Project shall be implemented in accordance with the relevant EIA, ESMP, RAP and RPF.
5. URC shall undertake to procure the goods, works and consultants' services to be financed out of the proceeds of the Loan in accordance with the provisions of



Section III of Schedule 2 to the Loan Agreement, and utilize such goods, works and consultants' services exclusively in the carrying out of the Project.

6. URC shall undertake to: (a) ensure that all facilities relevant to their respective parts of the Project shall at all times be properly operated and maintained and that all necessary repairs and renewals of such facilities shall be made promptly as needed; and (b) enable the Bank, the Project Implementing Entity and ZM, to inspect such goods and the sites and works included in the Project, the operation thereof, and any relevant records and documents.
7. URC shall undertake to take out and maintain with responsible insurers such insurance, against such risks and in such amounts, as shall be consistent with sound business practice, including, without limitation, such insurance to cover hazards incident to the acquisition, transportation and delivery of goods financed out of the proceeds of the Loan to the place of use or installation, any indemnity thereunder to be made payable in a currency freely usable to replace or repair such goods.
8. URC shall undertake:
  - (a) to maintain records and accounts adequate to reflect in accordance with sound accounting practices its operations and financial condition;
  - (b) to have its Project financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;
  - (c) to furnish to the Bank, the Project Implementing Entity and ZM, as soon as available, but in any case not later than six (6) months after the end of each Fiscal Year: (i) certified copies of said financial statements or Project records, as the case may be, for such year as so audited; and (ii) an opinion on such statements by said auditors in such scope and detail as the Bank, Project Implementing Entity or ZM shall have reasonably requested;
  - (d) to prepare and furnish to the Bank, and to the Project Implementing Entity all such other information concerning said records and financial statements, as well as the audit thereof, as the Bank, Project Implementing Entity or ZM shall reasonably request; and
  - (e) (i) to maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators set forth in the Results Framework, the carrying out of the Project and the achievement of the objectives thereof; and

(ii) to prepare, under terms of reference satisfactory to the Bank, and furnish to Project Implementing Entity for its review, consolidation in the Project Reports and submission to the Bank, semi-annual reports integrating the results of the monitoring and evaluation activities performed pursuant to clause (i) of this subparagraph (e) on the progress achieved in the carrying out of the Project during the period preceding the date of each such report.

9. The Project Implementing Entity or ZM shall have the right to suspend or terminate the right of URC to the use of the proceeds of the loan made available to it under the Subsidiary Agreement upon failure by URC to perform any of its obligations under such agreement.